

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:)	
)	
SPECCALLOY CORPORATION,)	CHAPTER 11
)	CASE NO. 16-10013
DEBTOR-IN-POSSESSION.)	

**MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING DEBTOR TO USE
CASH COLLATERAL PURSUANT TO 11 U.S.C. §363(c)(2)**

The above captioned Debtor and Debtor in Possession (collectively, the “Debtor”), hereby moves the Court (the “Motion”) for entry of an order (the “Interim Cash Collateral Order”), authorizing the Debtor to use cash and cash collateral in which certain pre-petition secured parties may have an interest. Pursuant to 11 U.S.C. §363(c)(2)(B) and Bankruptcy Rule 4001(b), the Debtor respectfully represents as follows:

Jurisdiction

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. §157(b)(2)(A) and (M).
2. Venue of this chapter 11 case in this District is proper under 28 U.S.C. §§1408 and 1409.
3. The statutory predicates for the relief requested herein are §363(c)(2)(B) of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) and Rule 4001(b) of the Federal Rules of Bankruptcy Procedure.

Bankground

4. On January 5, 2016 (the "Petition Date"), the Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Case"). The Debtor is operating its business and managing its properties as debtor in possession pursuant to §§1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or committee has been appointed in this case.

Relief Requested

5. As of the Petition Date, the Debtor is indebted to Wells Fargo Bank, National Association ("Wells Fargo") for several obligations under existing loan documents. These loans are as follows:

On or about July 31, 2013, Wells Fargo made a line of credit loan to SpecAlloy in the amount of two million dollars (\$2,000,000.00). This note was a revolving loan credit note with an availability period extending until July 31, 2014.

As security for this loan, and pursuant to the note, SpecAlloy granted Wells Fargo a security interest in all inventory, all accounts, contract rights, chattel paper, general intangibles and other rights to payment of every kind and all equipment.

Wells Fargo perfected its interest in the collateral by filing a UCC-1 finance statement with the Florida secured transaction registry on December 6, 2013 as filing number 201300343743.

On or about October 2, 2014, Wells Fargo increased and renewed the original SpecAlloy note, whereby agreed with SpecAlloy to increase the line of

credit from two million dollars (\$2,000,000.00) to three million dollars (\$3,000,000.00). This second note was a revolving line of credit note with an availability period extended to January 1, 2015.

On or about January 27, 2015, Wells Fargo renewed the second SpecAlloy note. This renewed note was a revolving line of credit note with an availability period extended to August 1, 2015.

On or about July 28, 2015, Wells Fargo extended the maturity date of this loan from August 1, 2015, to September 30, 2015. This loan matured as of September 30, 2015.

6. This Pre-Petition Obligations is allegedly secured by first priority, perfected lien and security interest held by Wells Fargo in SpecAlloy Corporation's accounts receivable with a value of \$1,500,000.00 and \$307,000.00 recycling inventory;

7. The inventory and accounts constitute cash collateral ("Cash Collateral") within the meaning of §363(a) of the Bankruptcy Code.

8. Continued use of this Cash Collateral is essential to allow the Debtor to maximize the value of its assets. By utilizing the Cash Collateral, the Debtor may preserve and enhance the value of its assets while (a) seeking one or more purchasers for its assets or its business as a going concern, or (b) liquidating its asset and business in an orderly fashion. The value of the Debtor's estate and any recovery by creditors will be immediately and irreparably harmed if this interim order is not entered. Good cause thus has been shown for the interim relief sought in the motion.

9. Wells Fargo, as the holder of secured claims against the Debtor, is entitled to adequate protection of its interest in the Pre-Petition Collateral and the Cash Collateral under §§361, 362,

363 and 506(b) of the Bankruptcy Code, to compensate them from any diminution in the value of their Pre-Petition Collateral (including the Cash Collateral), the imposition of the automatic stay and the Debtor's use of cash collateral.

10. As adequate protection for use of and against the diminution of the value of the Pre-Petition Collateral (including Cash Collateral) and in accordance with §§361, 363(e) and 364(d) of the Bankruptcy Code, the Debtor would propose to pay \$6,750.00 monthly as adequate protection on the Pre-Petition Obligation.

11. Pursuant to Rule 4001(c)(2) of the Federal Rules of Bankruptcy Procedure, the final hearing on this Motion may be scheduled no earlier than fifteen days after service thereof, but the Court may grant interim relief to the extent necessary to avoid immediate and irreparable harm to the Debtor. The Debtor requires immediate access to funds in order to pay essential expense items. Consequently, the Debtor seeks emergency relief through the scheduling of a hearing and interim relief prior to the fifteenth day following service of this Motion.

12. The Debtor submits that its creditors will not be prejudiced by the emergency and interim relief requested herein because such relief is necessary to protect and preserve the Debtor's assets for the benefit of the estate and its creditors and prevent irreparable harm to the going concern value of the Debtor's business.

13. The Debtor proposes providing notice of this Motion to (a) counsel to Wells Fargo, (b) the twenty (20) largest unsecured creditors of the Debtor, (c) all known creditors who have a lien against the Debtor's assets, (d) the Internal Revenue Service, (e) the Bankruptcy Administrator's Office and (f) all parties filing a notice of appearance in this case. The Debtor submits that such notice is sufficient under Rule 4001(b)(1) of the Federal Rules of Bankruptcy Procedure, and that no further notice need be given.

WHEREFORE based upon the above and foregoing, the Debtor prays this Court will grant its motion for an interim order allowing use of cash collateral, grant their motion on a final basis and such other and further relief as is just.

Respectfully submitted this 5th day of January, 2016.

/s/ Cameron A. Metcalf

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Certificate of Service

I, Cameron A. Metcalf, do hereby certify I have this date served a copy of the above and foregoing upon Teresa Jacobs, Bankruptcy Administrator and the attached matrix either electronically or by placing copy of same in the U.S. Mail, postage prepaid, on this 5th day of January, 2016.

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/s/ Cameron A. Metcalf

Cameron A. Metcalf

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